

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH  
FY 2002 BOILERPLATE REPORTING REQUIREMENT

Progress on Rebasing Medicaid Fee Schedules  
for Physician and Out Patient Hospital Services  
February 1, 2002 Report

Section 1613(2)

“The workgroup established in Section 1703 of 2000 PA 296 shall continue until the rebasing of the Medicaid fee schedule for physician and outpatient hospital services is completed.”

PHYSICIAN FEE SCHEDULE UPDATE

It is the intent of the Department to reimburse practitioner services using the CMS (formerly HCFA) RBRVS (Resource Based Relative Value Scale) methodology. This was implemented in FY 2000-2001. Each year in January, new and revised procedure codes, changed reimbursement methodology and corresponding RVUs (Relative Value Units) published by CMS will be implemented consistent with the schedule followed nationally for all coding changes under HIPAA. The intent is to rebase fees for practitioner services annually in January using the RBRVS-based methodology. The conversion factor will be changed to reflect the funds available in the annual appropriations act for the department. If no additional funds are available, the conversion factor will be adjusted in a budget neutral manner. The rebasing initiative is currently underway and is anticipated to be completed by the end of January. It is important to continue this process on an annual basis so that fees maintain a valid rational relationship.

OUTPATIENT HOSPITAL REBASING UPDATE

During the months of December and January, the Department held discussions with the hospital industry work group to discuss current hospital DRG (Diagnostic Related Groups) rebasing and revised GME (Graduate Medical Education) policy. It was decided that discussions regarding any new reimbursement methodology for outpatient hospital services would occur after hospital DRG rebasing and new GME policy implementation were completed. It was also agreed that any new reimbursement methodology will be mutually agreed upon and will be determined to be HIPAA (Health Insurance Portability and Accountability Act of 1996) compliant and will also be budget neutral given the status of the current Department and overall State budget.